

# NEW JERSEY DIVISION OF TAXATION

## TECHNICAL BULLETIN

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**OUTSIDE DIVISION**   X  

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**TOPIC: CAPE MAY COUNTY TOURISM TAX**

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P.L. 1992, c. 165, signed into law on December 2, 1992, authorized any two or more municipalities in a county of the sixth class to create (1) a tourism improvement and development district and (2) an authority to undertake tourism projects such as convention center facilities or beach protection and restoration. Wildwood, Wildwood Crest and North Wildwood have adopted ordinances creating a tourism improvement and development district.

To provide funding for the tourism projects, the bill authorizes the municipalities to levy an additional 2% Tourism Sales Tax effective August 1, 1993 on "predominantly tourism related sales" that occur within the municipalities. "Predominantly tourism related sales" is defined as (if also taxable under the Sales and Use Tax Act):

1. Hotel, motel and boarding house lodging;
2. Food and drink sold by restaurants, taverns and other similar establishments, for consumption on or off premises, or by caterers (but *not* including vending machine sales); and
3. Admission charges to any place of amusement, including charges for admission to amusement rides, sporting events and exhibitions, dramatic or musical arts performances, motion picture theaters, and cover charges in nightclubs and cabarets.

The 2% tourism sales tax will "piggy back" onto the State sales tax, be collected by the State, and will be placed in a special reserve fund to pay principal and interest on bonds and notes issued by the municipalities for financing tourism promotion activities and the acquisition, maintenance and operation of tourism projects within the districts.

Businesses within the municipalities which have adopted the ordinance will register with the State of New Jersey for the Tourism Sales Tax and will receive a New Jersey Tourism Sales Tax Certificate of Authority (Form CA-1) which must be displayed at the place of business. They will also receive the Cape May Tourism Sales Tax return form (Form ST-350) for filing both their 6% and 8% sales transactions on a monthly basis. They will no longer be responsible for filing Sales and Use Tax monthly or quarterly returns (Form ST-50 and Form ST-51) after the third quarter of 1993 (return due October 20, 1993). Detailed instructions for the transition will be sent with the Tourism Sales Tax forms.

The law also authorizes municipalities which have created a tourism improvement and development district (currently Wildwood, Wildwood Crest, and North Wildwood) to impose and collect a Tourism Development Fee on certain businesses not subject to the Tourism Sales Tax. The schedule of rates is established by each municipality and will be collected by the municipality annually.